

Congress of the United States
Washington, DC 20515

March 18, 2019

The Honorable Doug Ducey
Governor of Arizona
State Capitol
1700 W. Washington Street
Phoenix, AZ 85007

Dear Governor Ducey:

We are writing to express our deep concern that thousands of Arizonans stand to lose critical health coverage as a result of recently-approved section 1115 Medicaid waiver that includes new red-tape requirements for beneficiaries. The waiver jeopardizes the significant health care gains Arizona has made under the Affordable Care Act, and it will make it harder for many Arizonans to obtain the health care they need, worsen their health outcomes, increase financial hardship, and will harm providers and our hospital systems while costing Arizona taxpayers millions.

Recent data from Arkansas, the first state to implement a Medicaid work requirement, shows that over 18,000 beneficiaries have lost Medicaid and likely became uninsured.¹ News accounts from Arkansas confirm that its ‘work requirement’ is taking coverage away from people who are working. For example, one *working* beneficiary with a chronic condition described losing his Medicaid coverage, being unable to afford medications, and then losing his job due to his deteriorating health.² These coverage losses have led the nonpartisan Medicaid and CHIP Payment Access Committee (MACPAC), to issue an unprecedented call on the Administration to pause both Arkansas’ disenrollments and pending work requirement proposals.³

Arizona’s red tape requirement as approved by CMS is very similar to Arkansas: both have a monthly work threshold of 80-hours, same affected population (adults age 19 to 49), and similar exemptions. This leads us to believe that Arizona’s experience will be as bad or even worse than that in Arkansas. As such, we strongly recommend that you follow MACPAC’s recommendation to pause on implementing a requirement that will inevitably lead to coverage losses, challenges in accessing affordable health care, poor health outcomes, and greater financial hardship for both beneficiaries *and* providers.

As in Arkansas, many Arizonans who will likely lose coverage will be *working* people who either can’t meet the 80-hour requirement due to factors outside their control or cannot meet arduous paperwork and documentation requirements, particularly Arizonans in communities with

¹ Arkansas Department of Human Services, Arkansas Works Program Data, December 2018, https://humanservices.arkansas.gov/images/uploads/011519_AWReport.pdf.

² “With new work requirement, thousands lose Medicaid coverage in Arkansas,” PBS News Hour, November 19, 2018, <https://www.pbs.org/newshour/show/with-new-work-requirement-thousands-lose-medicaid-coverage-in-arkansas>; Benjamin Hardy, “Locked out of Medicaid — Arkansas’s work requirement strips insurance from thousands of working people,” Arkansas Times, November 19, 2018, <https://www.arktimes.com/arkansas/when-arkansas-worksdoesnt/Content?oid=25890378>.

³ Medicaid and CHIP Payment and Access Commission, “Letter to Secretary Azar,” November 8, 2018, <https://www.macpac.gov/wp-content/uploads/2018/11/MACPAC-letter-to-HHS-Secretary-Regarding-Work-Requirements-Implementation.pdf>.

limited access to broadband. They work in industries like retail, home health, and construction — where hours fluctuate from month to month and flexibility is limited, so that any illness, family emergency, or disruption in child care or transportation can cost them their jobs. In addition, people with disabilities or serious illnesses may lose coverage because they do not meet the standards to qualify for exemptions, don't know they qualify, or have a hard time providing the necessary documentation. Red tape and paperwork requirements reduce enrollment in Medicaid, studies show, and people with [mental illness](#) or serious physical limitations may have particular difficulty overcoming these barriers.⁴

Arizona has made critical strides in recent years as a result of bipartisan efforts at the federal and state level when it comes to the opioid epidemic and veteran homelessness — issues that have strong links to access to affordable coverage and treatment. As you know, Medicaid is the largest payor of substance abuse disorder treatment. We are gravely concerned that these new bureaucratic barriers will reverse critical progress on opioid treatment in vulnerable communities across our state, while risking coverage for some veterans who gained access post-expansion. Recent bipartisan Congressional efforts to expand long-term substance abuse disorder provider capacity in Medicaid in states with high overdose rates (like Arizona) are undermined by these bureaucratic barriers.

Additionally, we have heard from providers across our communities who worry that provisions in the waiver to restrict retroactive eligibility will place them at serious financial risk, especially in rural communities where hospitals already operate on extremely thin margins. Risking worsening access in rural communities, as well as the critical jobs provided by rural hospitals, is untenable as it will not lower overall health care costs but merely shift them to providers and patients.⁵

Given the mounting evidence that shows the serious potential for significant harm to Arizonans, we respectfully ask that your Administration seek to avoid substantial harm to the state by indefinitely suspending the AHCCCS Works waiver. Additionally, we request your administration be fully transparent about the potential consequences of the waiver as well as the anticipated cost to taxpayers. In order for us to fully understand the implications to Arizona, please provide answers to the following questions:

1. Have there been any attempts by the state or AHCCCS to estimate how many people, on an annual basis, will become uninsured during their 2-month eligibility suspension for failing to comply with the AHCCCS Works' work requirement? What are those estimates? Will there be estimates of impacts based on demographics or health status, including for those with behavioral health issues or chronic health conditions that are likely to be impacted but fall outside exempt categories?


⁴ Margot Sanger-Katz, "Hate Paperwork? Medicaid Recipients Will be Drowning in It," *The New York Times*, January 18, 2018, <https://www.nytimes.com/2018/01/18/upshot/medicaid-enrollment-obstacles-kentucky-work-requirement.html>; and Richard Frank, "Work Requirements and Medicaid: What Will Happen to Beneficiaries with Mental Illnesses or Substance Use Disorders," The Commonwealth Fund, May 2, 2018, <https://www.commonwealthfund.org/publications/journal-article/2018/may/work-requirements-and-medicaid-what-will-happen-beneficiaries>.


⁵ "New Medicare Barrier: Waivers ending retrospective eligibility shift costs to providers ,patients," *Modern Healthcare*, February 9, 2019, <https://www.modernhealthcare.com/article/20190209/NEWS/190209936/medicaid-waivers-ending-retrospective-eligibility-shift-costs-to>


2. How will AHCCCS handle eligibility reinstatements following the 2-months of eligibility suspension? Will this process be automatic, or will AHCCCS members have to fill out additional paperwork for reinstatement?
3. How will Arizona handle the new administrative burden of the reporting requirements, including on beneficiaries and their providers who are requesting exemptions based on an acute medical condition? How many people do you believe will have to report each month and how will that be kept to a minimum? What is the estimated monthly and annual cost of processing the new reporting requirements, including processes of eligibility suspension and reinstatement? Please include cost estimates of additional necessary technological and system changes.
4. Are there plans to pay for the new administrative cost by cutting services in the Medicaid program elsewhere?
5. How will the state ensure providers are aware of a Medicaid beneficiary's enrollment status? Given transition in and out of suspension status will be a new norm, what will be the process for dealing with disputes in enrollment status?
6. Coupled with the retroactive coverage waiver, which waives the federal law that requires three months of prior coverage for newly enrolled members, what are the estimated costs in uncompensated care to Arizona hospitals systems, nursing homes, and other providers?
7. If implemented, where can affected Arizonans go for assistance to report their work hours and request exemptions? How will the state ensure proper notice, including for preferred languages and for those with medical situations? How will the state get information to transient or hard to reach populations?
8. What will the opportunities for input from consumer advocates and other stakeholders be in informing the implementation process?
9. How does the state and AHCCCS plan to evaluate the impact of new requirements as required by federal law? What opportunities for input will AHCCCS provide the community on the evaluation design plan prior to submission to CMS?


Thank you for your attention to our requests, we respectfully request a response within 30 days. For additional information please contact Kelsey.Mishkin@mail.house.gov (Rep. Grijalva).

Sincerely,


Raúl M. Grijalva
Member of Congress


Ruben Gallego
Member of Congress


Tom O'Halleran
Member of Congress


Ann Kirkpatrick
Member of Congress